



December 8, 2010

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1390
Proposed Rule – Revisions to Regulation Z – Credit Protection Products

Dear Ms. Johnson:

I am writing on behalf of Heritage Federal Credit Union to oppose the changes to the credit insurance and debt protection rules. We believe the disclosures are misleading and will hurt not only us, but our borrowers as well. These disclosures will scare consumers away from buying a product that could have great benefit to them, and it will hurt the safety and soundness of our institution.

Many of our borrowers have found credit protection insurance to be a very beneficial product. Not only does it provide valuable monetary benefit, but also provides our members with piece of mind knowing that their debts will be taken care of if they die or becomes disabled. It also helps protect the borrowers' credit rating, which is invaluable when it comes to managing their finances.

It is also beneficial to the credit union because it provides us with assurances the loans will be paid on time. This decreases our charge-offs and loan losses. This product also provides us with a valuable source of non-interest income. All of this plays a vital role in the safety and soundness of our institution.

Our credit union does support consumer protection and believes the consumer should receive adequate and fair disclosure of the terms and conditions of their credit. However, at some point we all must have some faith in the consumers' ability to make decisions on their own and not assume that they do not have the ability to do so without another disclosure.

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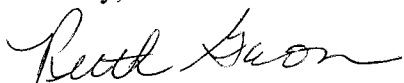
When we offer credit protection to our borrowers, we do so in a responsible manner, designed to follow the law and fully inform our borrowers about the product. It is then the consumer's job to judge the ultimate value of a product and decide whether to buy it. Such decision should not be swayed by the government's judgment of what is or is not an appropriate product or service for that borrower. We have always provided disclosures to them, and we do not object to providing new or revised disclosures, as long as such disclosures are reasonable and accurate.

The Board has based the new disclosures on consumer testing. However, they were tested only by ten consumers in the first round of testing, and eight consumers in the second round of testing. This hardly seems like a representative sample large enough to form any valid conclusions, especially considering that these disclosures will be provided to millions of consumers each year.

As a credit union, we look for opportunities to continuously practice the Credit Union philosophy which is "people helping people". We want to protect our members as much as the government does because we know that the money we help them manage is hard-earned money.

We believe the proposed disclosures are adversely biased, inaccurate and misleading to consumers. We appreciate the opportunity to provide input on these important issues. We respectfully ask the Federal Reserve Board to withdraw the current proposal to change payment protection disclosures.

Sincerely,

A handwritten signature in black ink, appearing to read "Ruth Gaon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ruth Gaon, CEO
Heritage Federal Credit Union